



# **City of South Bend Cash Reserves & Debt Position**



# City of South Bend Financial Analysis

Liquidity

Debt

Capital  
Assets

Operations  
(Revenue &  
Expenditures)



# City of South Bend Financial Analysis

Liquidity

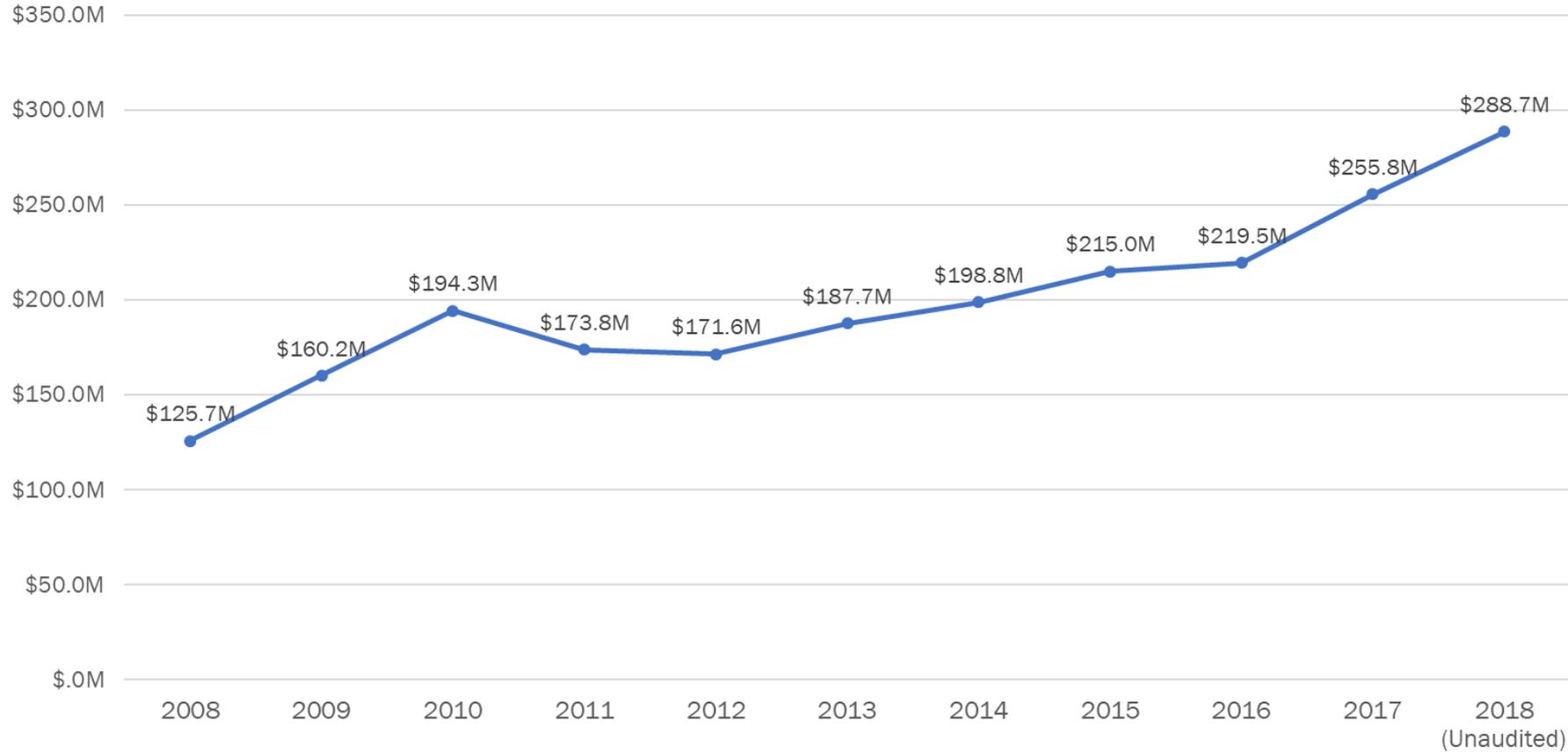
Debt

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# Cash Balance

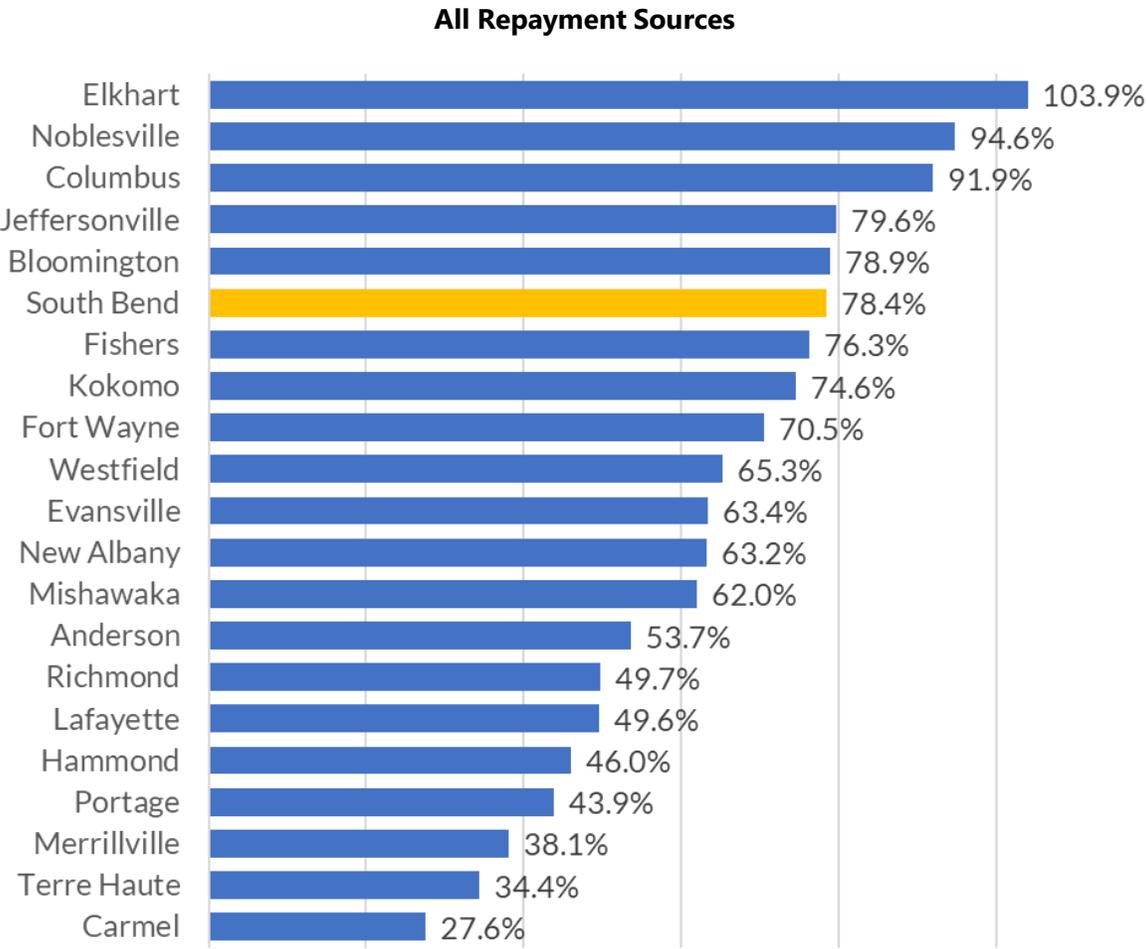
Total Cash On Hand - End of Year



# Cash Balance

City	Cash & Investments	Annual Expenditures	Cash as a % of Expenditures
Elkhart	\$144,451,624	\$138,989,969	103.9%
Noblesville	\$112,756,010	\$119,138,417	94.6%
Columbus	\$95,992,054	\$104,447,337	91.9%
Jeffersonville	\$91,554,536	\$114,960,362	79.6%
Bloomington	\$174,579,084	\$221,153,535	78.9%
<b>South Bend</b>	<b>\$288,674,723</b>	<b>\$368,227,709</b>	<b>78.4%</b>
Fishers	\$135,584,159	\$177,699,149	76.3%
Kokomo	\$81,069,648	\$108,745,212	74.6%
Fort Wayne	\$407,036,470	\$577,212,410	70.5%
Westfield	\$45,621,172	\$69,903,591	65.3%
Evansville	\$251,521,334	\$396,583,395	63.4%
New Albany	\$53,981,387	\$85,382,261	63.2%
Mishawaka	\$115,499,328	\$186,404,957	62.0%
Anderson	\$118,794,380	\$221,421,833	53.7%
Richmond	\$82,210,193	\$165,452,736	49.7%
Lafayette	\$122,151,234	\$246,513,926	49.6%
Hammond	\$123,262,003	\$267,834,993	46.0%
Portage	\$37,734,290	\$86,036,412	43.9%
Merrillville	\$20,909,183	\$54,934,384	38.1%
Terre Haute	\$39,157,473	\$113,984,063	34.4%
Carmel	\$66,499,479	\$241,034,037	27.6%

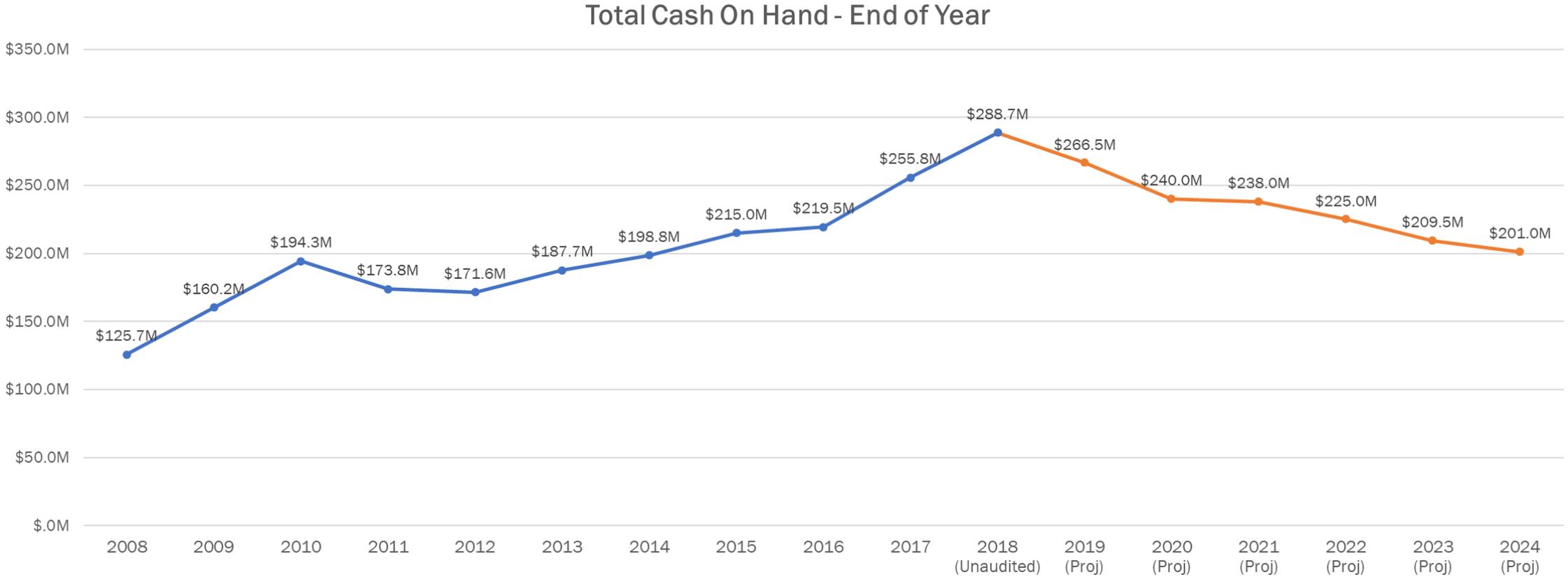
## Cash on Hand (as of 12/31/2018)



Source: Indiana Department of Local Government Finance  
 Source (Cash): [https://gateway.ifonline.org/report\\_builder/Default3a.aspx?rpttype=af&rpt=cash\\_inv\\_combined&rptName=Cash%20and%20Investments](https://gateway.ifonline.org/report_builder/Default3a.aspx?rpttype=af&rpt=cash_inv_combined&rptName=Cash%20and%20Investments)  
 Source (Expenditures): [https://gateway.ifonline.org/report\\_builder/Default3a.aspx?rpttype=af&rpt=PropPerCapita&rptName=Expenditures%20Per%20Capita](https://gateway.ifonline.org/report_builder/Default3a.aspx?rpttype=af&rpt=PropPerCapita&rptName=Expenditures%20Per%20Capita)

# Cash Balance Projection

- Cash balance projection **if no action is taken to prioritize spending:**



# Cash Reserve Requirements

- What is the purpose of reserves?
  - Prepare for future fiscal challenges, satisfy debt covenants, and maintain bond rating
- City Policy sets reserve requirement by Fund:
  - Most funds have a requirement of 25% of annual expenditures from that fund.
    - This is higher than the GFOA recommendation of 2 months reserve
  - Certain Governmental Funds (General Fund / Liability Fund) have higher reserve requirements
  - Cash Reserves in Debt Service Funds are largely governed by debt covenants
  - Capital Projects funds & grants funds do not have a cash reserve
  - Enterprise Funds have a lower cash reserve requirement
- Several funds (such as Bowman Cemetery) have a specific dollar threshold that should allow those funds to operate in perpetuity with little additional cash infusion.

# Cash Reserve Requirements

Cash Reserves (compared to requirements) as of April 30, 2019:

	Cash Available	Reserve Requirement	Variance
General Fund	24,861,911	22,943,592	1,918,319
EDIT / COIT	22,381,186	14,700,065	7,681,121
Special Revenue Funds	27,690,642	22,270,182	5,420,460
Capital Projects Funds	29,807,427	364,782	29,442,645
Debt Service Funds	9,326,200	8,404,137	922,063
Internal Service Funds	16,351,979	8,338,545	8,013,434
Enterprise Funds	35,126,519	20,485,310	14,641,209
Redevelopment / TIF Funds	32,935,578	18,291,749	14,643,829
Trust Funds	1,038,301	4,537,551	(3,499,250)
<b>Total</b>	<b>199,519,743</b>	<b>120,335,913</b>	<b>79,183,830</b>

Note that "Cash Available" is equal to total cash on hand minus outstanding encumbrances.



# City of South Bend Financial Analysis

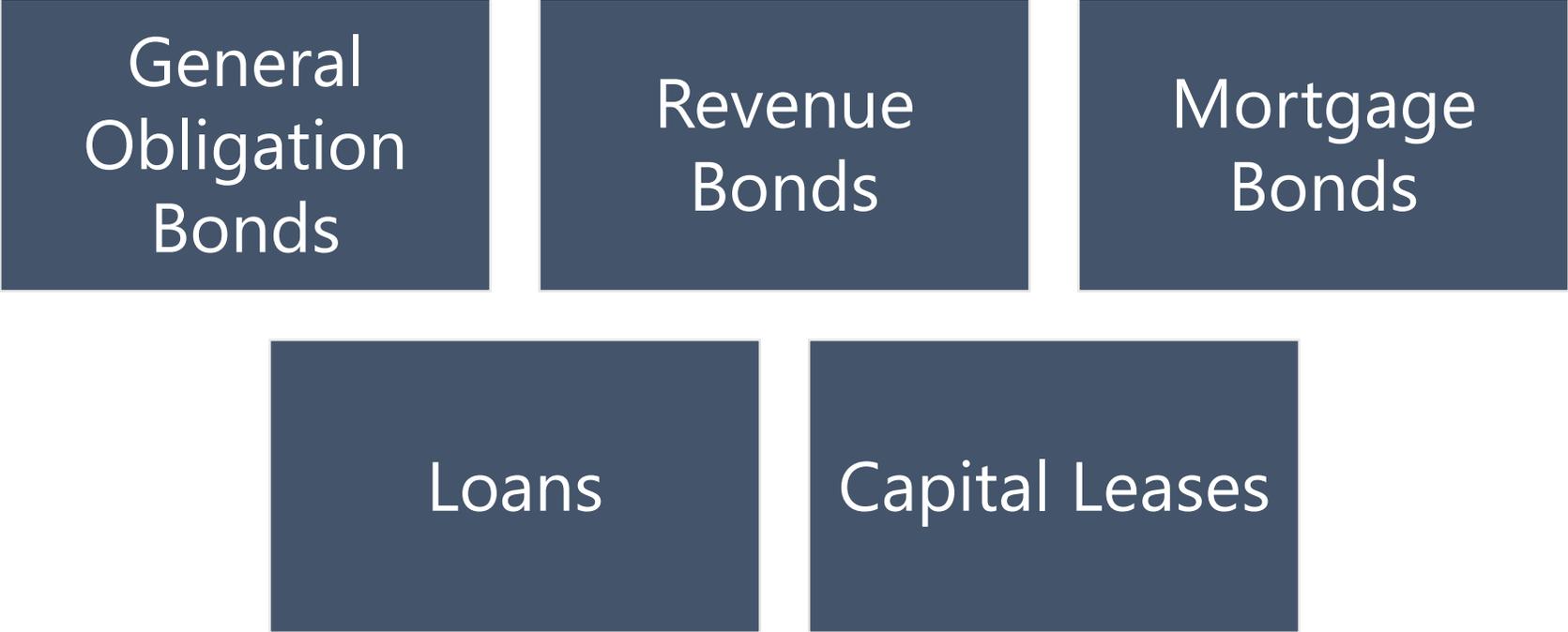
Liquidity

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# What kind of Debt does the City issue?

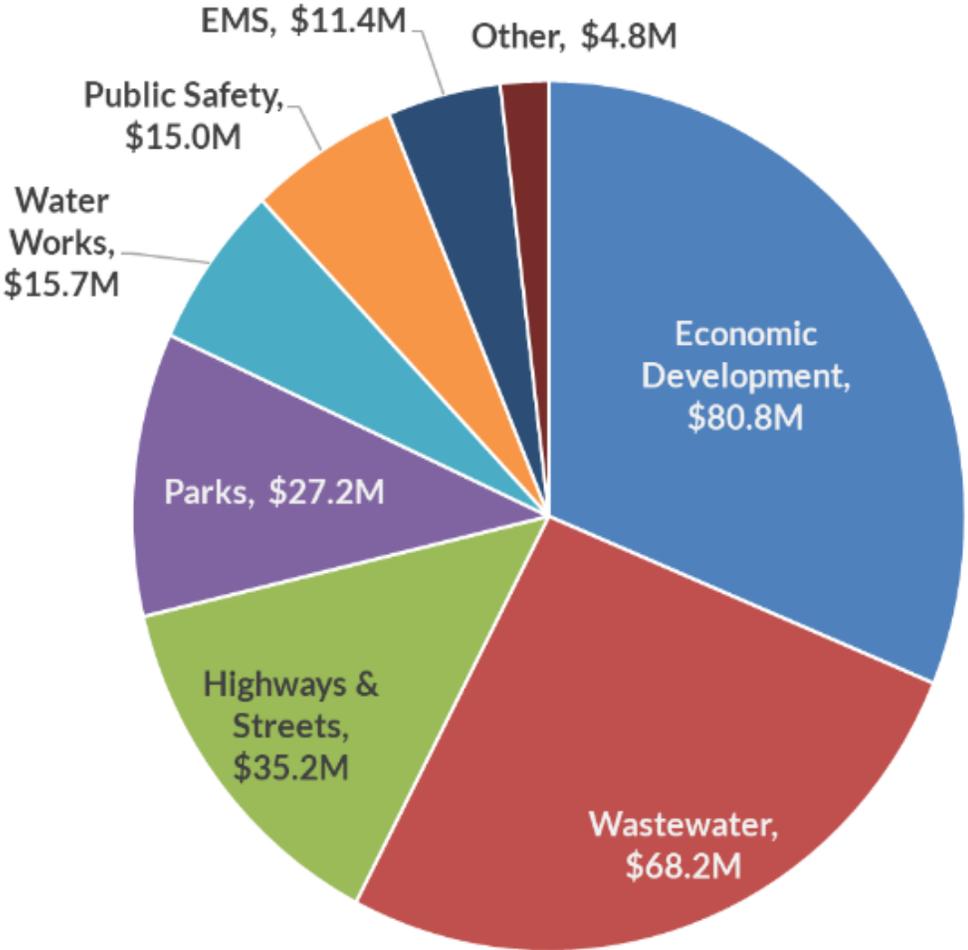


Note: The City also occasionally issues Conduit Debt on behalf of other organizations. The City is not liable for the repayment of conduit debt.

# Why does the City issue debt?

- Capital projects
  - Two reasons to finance capital projects with debt:
    - Inability to finance prudently with current reserves
    - Interperiod equity
- **City Policy 2.17, Section 3.2:** The City will not use short-term borrowing to finance operating needs except in the case of an extreme financial emergency, which is beyond its control or reasonable ability to forecast.

# Why does the City issue debt?



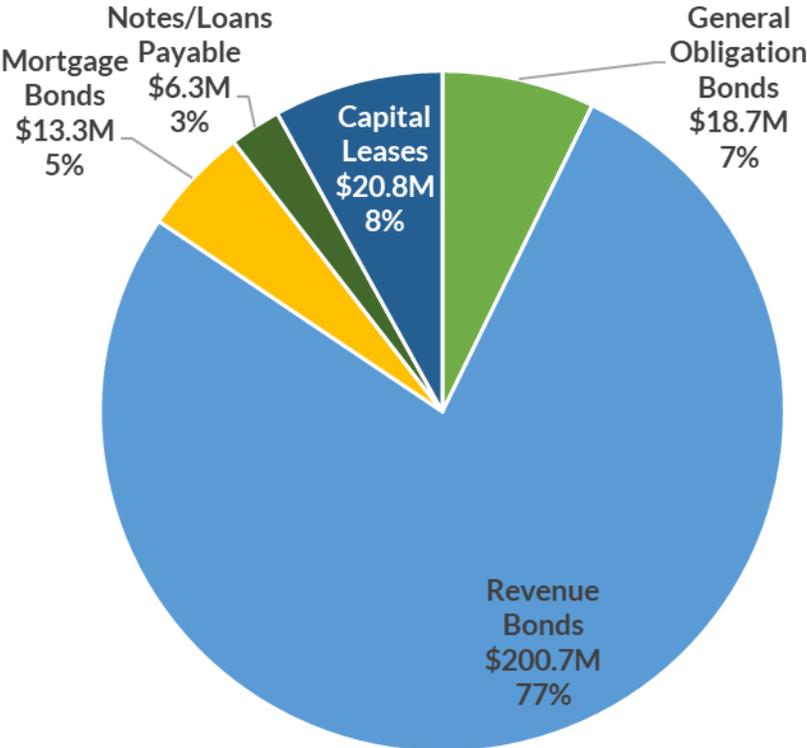
### Recent Issues of Debt:

- **2016**
  - \$8.9 million in Capital Leases
  - \$3.3 million Water Bond Refunding
- **2017**
  - \$4.7 million in Capital Leases
  - \$14 million Parks General Obligation Bond
  - \$25 million TIF bond for Eddy St Commons Phase II
  - \$3.5 million TIF bond for Studebaker Façade Improvements
- **2018**
  - \$9.6 million in Capital Leases
  - \$5 million General Obligation Bond for Fire Station #9
  - \$3.4 million Zoo Economic Dev Revenue Bond
  - \$12 million TIF Bond for Parks
- **2019 YTD**
  - \$1.9 million in Capital Leases

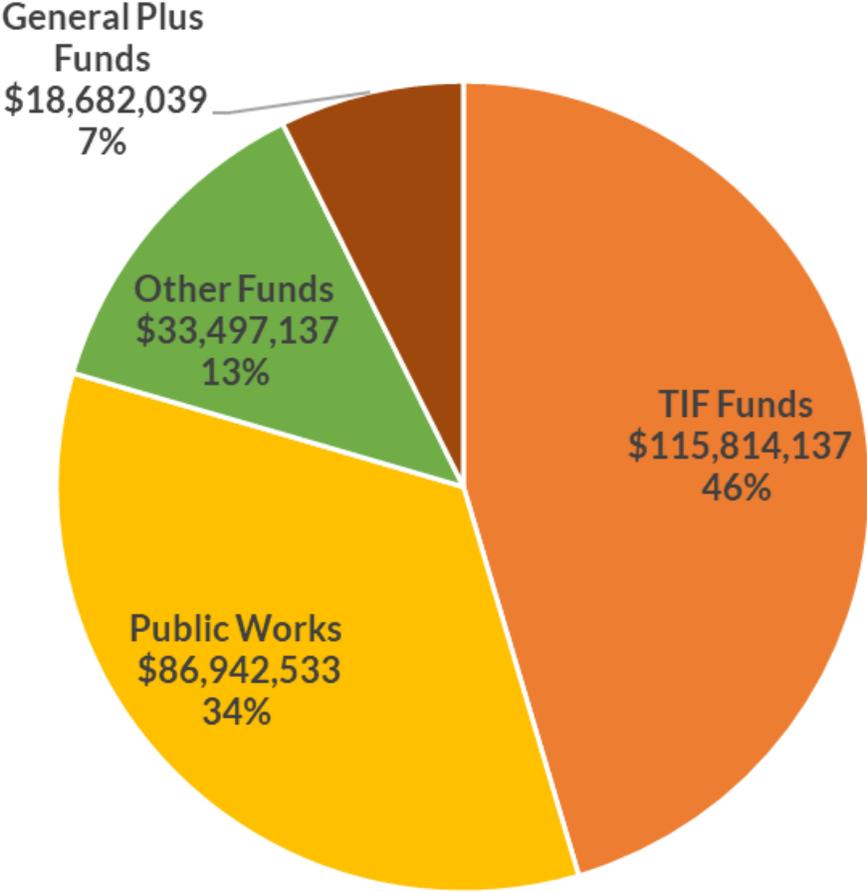
# Total Debt Outstanding

Total Debt Outstanding \$ 254,935,846

Debt per Capita \$ 2,493



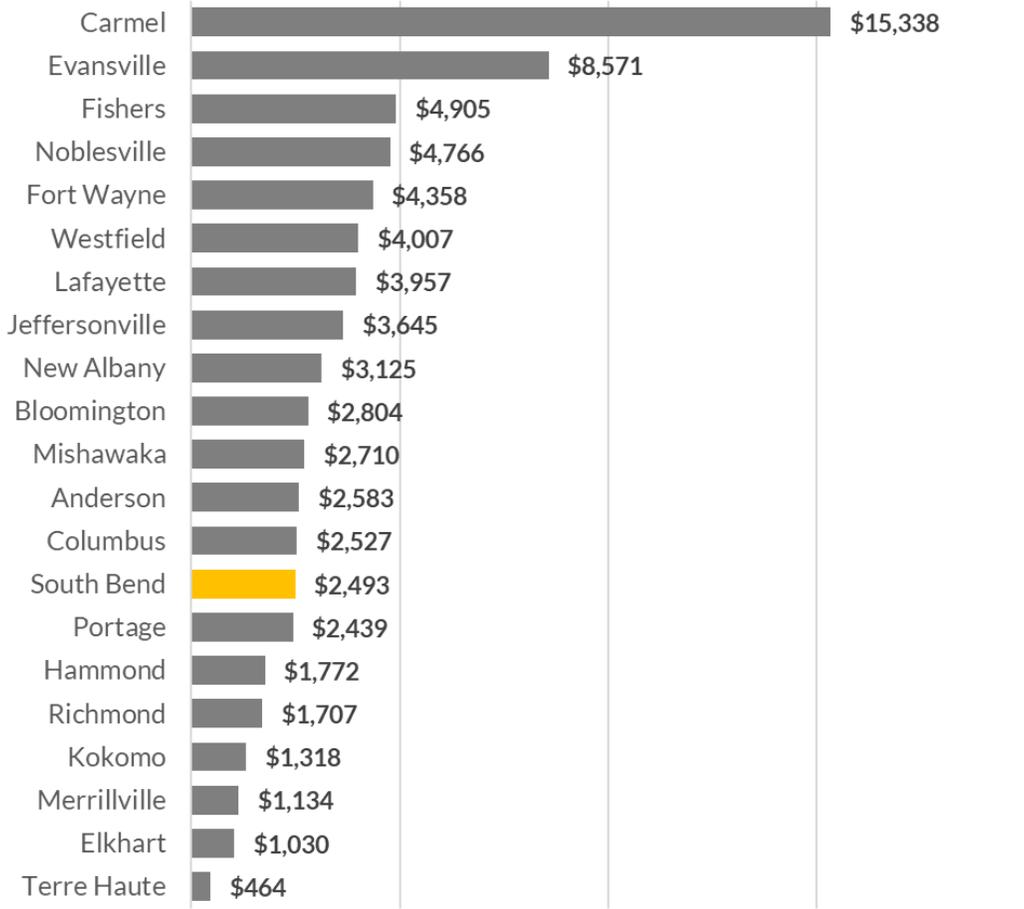
## Debt Repayment Source



# Total Debt Outstanding

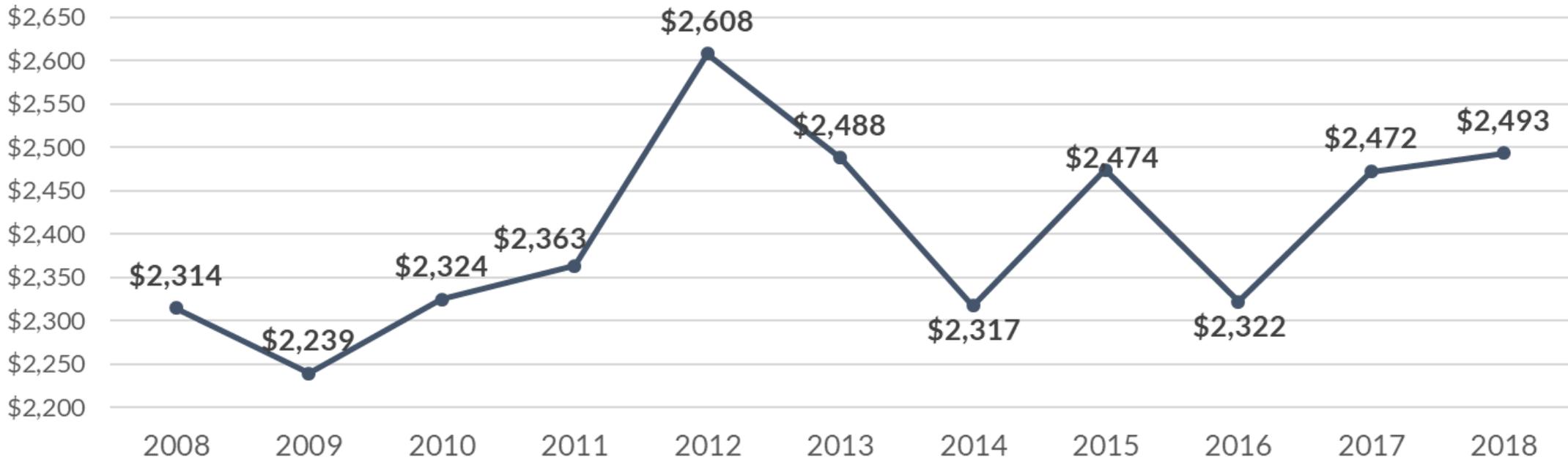
**Debt per Capita**  
All Repayment Sources

City	Debt Outstanding	Population	Debt per Capita
Carmel	\$ 1,329,505,051	86,682	\$ 15,338
Evansville	\$ 1,031,545,191	120,346	\$ 8,571
Fishers	\$ 423,391,546	86,325	\$ 4,905
Noblesville	\$ 274,460,375	57,584	\$ 4,766
Fort Wayne	\$ 1,126,531,745	258,522	\$ 4,358
Westfield	\$ 141,450,572	35,297	\$ 4,007
Lafayette	\$ 279,601,497	70,654	\$ 3,957
Jeffersonville	\$ 169,278,292	46,440	\$ 3,645
New Albany	\$ 114,358,235	36,589	\$ 3,125
Bloomington	\$ 233,605,754	83,322	\$ 2,804
Mishawaka	\$ 130,572,465	48,174	\$ 2,710
Anderson	\$ 143,251,462	55,455	\$ 2,583
Columbus	\$ 116,562,715	46,124	\$ 2,527
<b>South Bend</b>	<b>\$ 254,935,846</b>	<b>102,245</b>	<b>\$ 2,493</b>
Portage	\$ 89,646,263	36,760	\$ 2,439
Hammond	\$ 138,917,224	78,384	\$ 1,772
Richmond	\$ 61,741,262	36,159	\$ 1,707
Kokomo	\$ 75,247,991	57,085	\$ 1,318
Merrillville	\$ 40,214,008	35,450	\$ 1,134
Elkhart	\$ 52,940,230	51,421	\$ 1,030
Terre Haute	\$ 28,298,813	60,956	\$ 464



Source: Indiana Department of Local Government Finance. Indiana Gateway Total Debt by Unit Report  
[https://gateway.ifonline.org/report\\_builder/Default3a.aspx?rpttype=debt&rpt=TotalDebtByUnit&rptName=Total%20Debt%20by%20Unit](https://gateway.ifonline.org/report_builder/Default3a.aspx?rpttype=debt&rpt=TotalDebtByUnit&rptName=Total%20Debt%20by%20Unit)

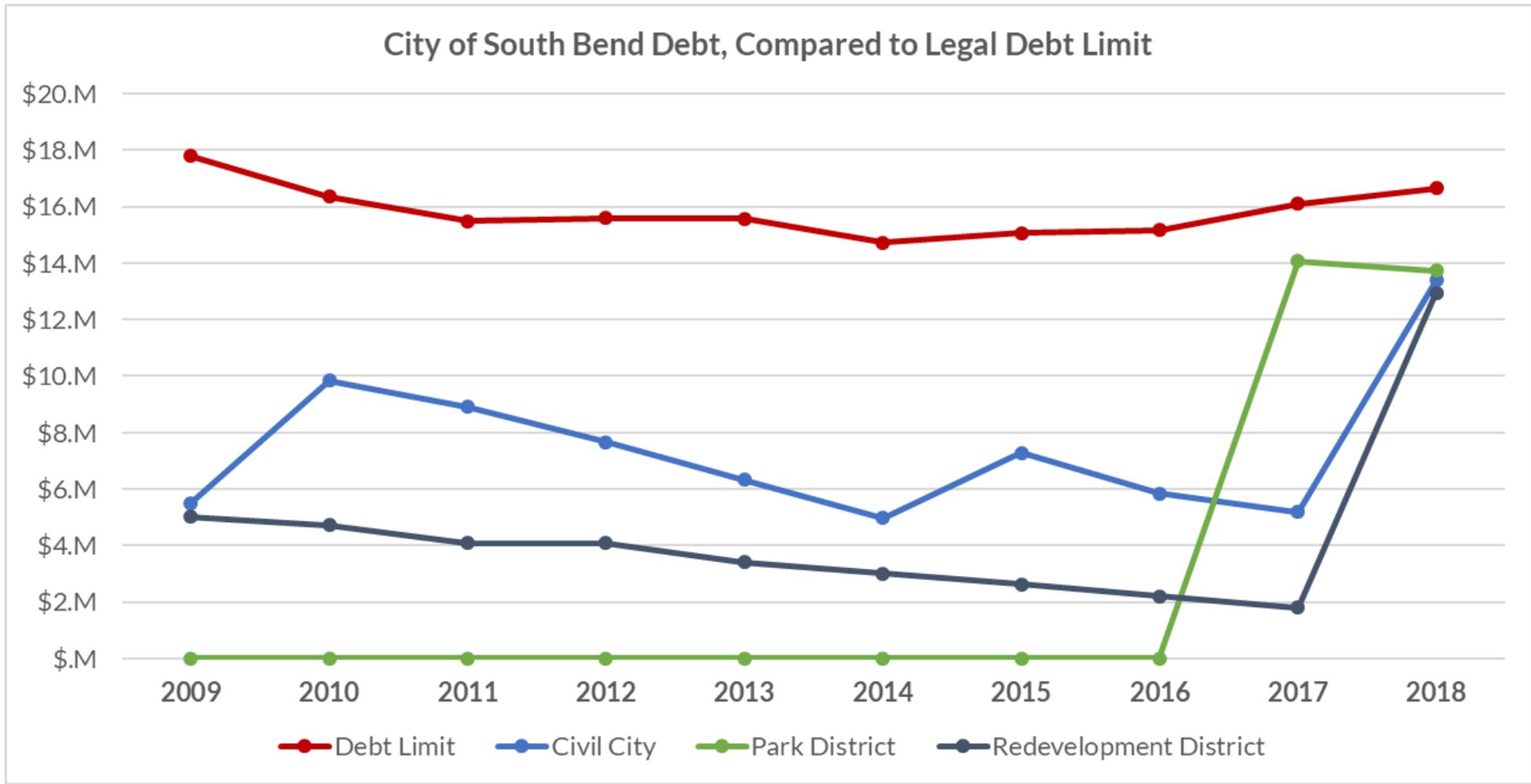
# Total Debt Outstanding (per capita)



# Debt Capacity

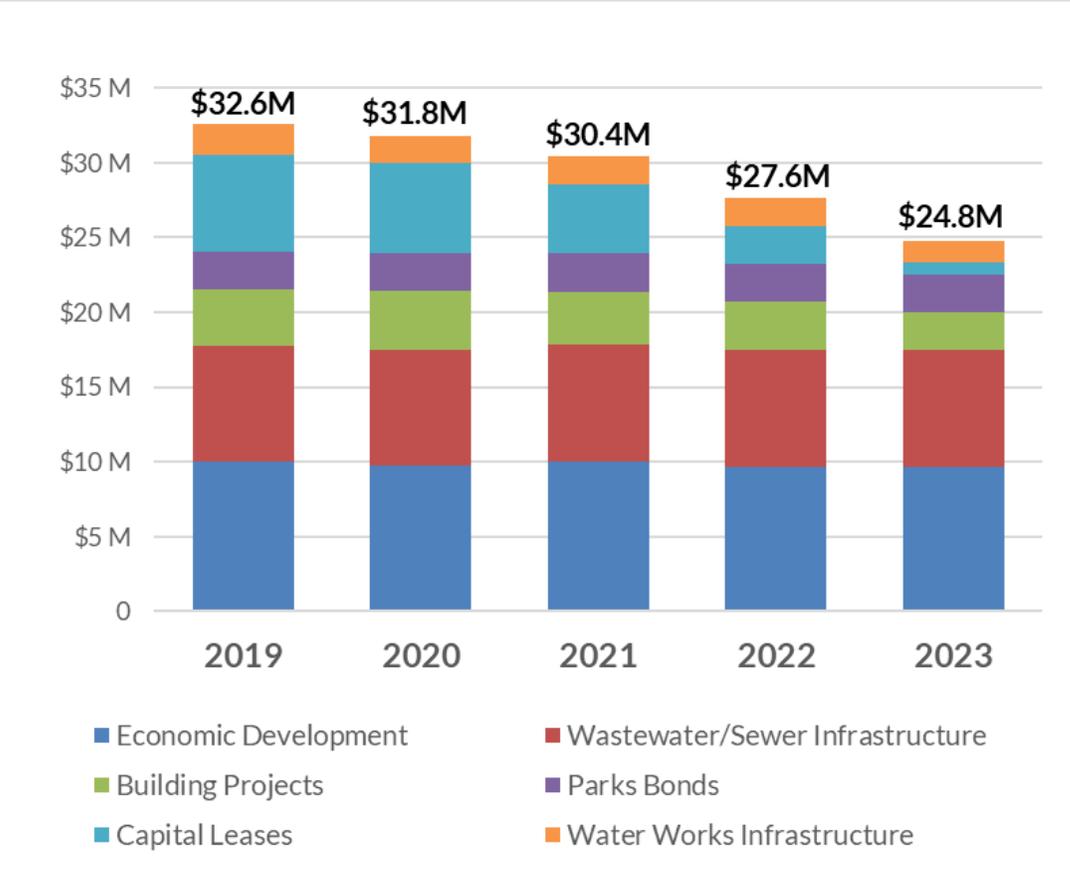
- **Debt Limit:** Defined by Indiana Law; the legal limit of debt that may be issued by a governmental unit
  - 2% of 1/3 of Net Assessed Value of all property
  - However, only certain types of debt are included in debt limit, primarily General Obligation Bonds and Economic Development Income Tax Revenue Bonds
- The City relies on economic analysis to ensure new debt is manageable. Before new debt is issued, the following analyses are performed:
  - Financial analysis
  - Governmental & administrative analysis
  - Economic analysis

# Debt Limit



# Debt Service Payments

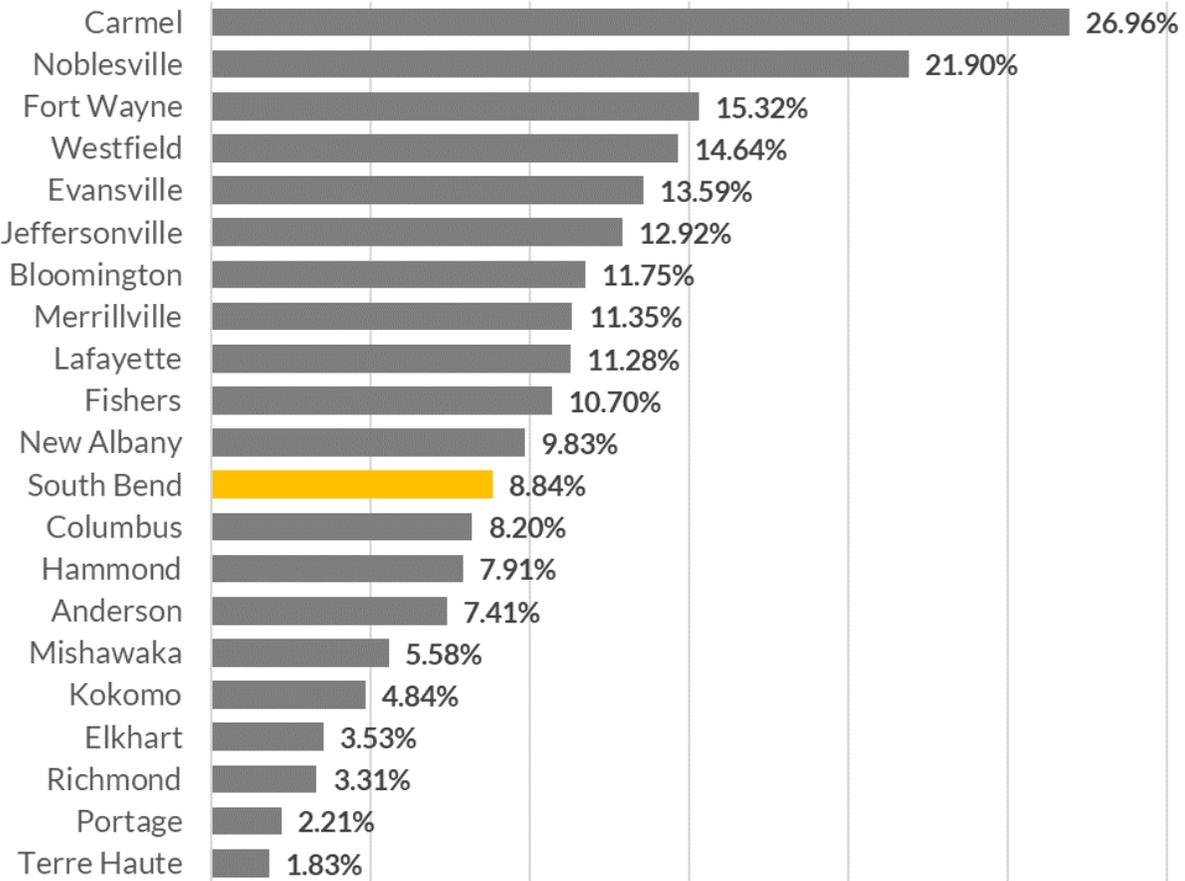
- If no new debt is issued:



# Debt Service Payments

**Debt Service Payments as a % of Total**

City	Annual Principal / Interest Payments	Total Annual Expenditures	Debt Payments as a % of total
Carmel	\$59,371,290	\$220,204,425	26.96%
Noblesville	\$23,691,832	\$108,194,230	21.90%
Fort Wayne	\$86,777,799	\$566,425,128	15.32%
Westfield	\$8,719,915	\$59,545,788	14.64%
Evansville	\$46,808,076	\$344,454,116	13.59%
Jeffersonville	\$12,942,152	\$100,177,984	12.92%
Bloomington	\$16,865,196	\$143,574,677	11.75%
Merrillville	\$5,229,390	\$46,091,178	11.35%
Lafayette	\$16,609,600	\$147,282,280	11.28%
Fishers	\$20,286,128	\$189,666,210	10.70%
New Albany	\$8,349,692	\$84,910,803	9.83%
<b>South Bend</b>	<b>\$32,562,437</b>	<b>\$368,227,709</b>	<b>8.84%</b>
Columbus	\$10,285,845	\$125,395,141	8.20%
Hammond	\$22,073,126	\$278,894,402	7.91%
Anderson	\$15,955,309	\$215,441,081	7.41%
Mishawaka	\$10,439,947	\$187,162,178	5.58%
Kokomo	\$4,192,706	\$86,615,284	4.84%
Elkhart	\$4,098,328	\$116,092,204	3.53%
Richmond	\$5,404,851	\$163,423,864	3.31%
Portage	\$2,115,870	\$95,545,983	2.21%
Terre Haute	\$2,355,285	\$128,929,999	1.83%



Source (Debt Payments): [https://gateway.ifionline.org/report\\_builder/Default3a.aspx?rpttype=af&rpt=Debt&rptName=Debt](https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=af&rpt=Debt&rptName=Debt)  
 Source (Expenditures): [https://gateway.ifionline.org/report\\_builder/Default3a.aspx?rpttype=af&rpt=DetailedDisbursements\\_noDept&rptName=Disbursements%20by%20Fund](https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=af&rpt=DetailedDisbursements_noDept&rptName=Disbursements%20by%20Fund)